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B

DIARY NOTES

DD/S

*[Signature]*

13 November 1964

1. I met with John Clarke, Larry Houston, and Jack Earman at John's request to discuss the control or lack thereof of [REDACTED] and other proprietaries run by the CA Staff. This particular question was raised because of a new retirement plan which [REDACTED] proposes to announce to the Board of Trustees on 1 December. However, John's question concerned the entire gamut of problems regarding the control of [REDACTED] and other proprietaries by the Agency. Although we have known about most of these problems for some time, we listened to him patiently and unanimously agreed that the Agency should have much tighter control over these proprietaries. However, we know that this is not the philosophy of [REDACTED] and the others who run these proprietaries. I suggested to John that he first talk to Mr. Kirkpatrick and General Carter about this problem and that any one of us would be glad to participate. In the final analysis, Mr. McCone will have to make the decision of whether we will reverse our field, so to speak, and retrieve control of these projects. Assuming that he makes such a decision, I would then recommend that we establish a small task force to study present controls, analyze their inadequacies, and make specific recommendations on how the Agency might tighten its control. Almost certainly, both the study and the implementation of its recommendations would involve Support components very heavily.

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2. Bob Bannerman and I briefed Mr. Kirkpatrick and Jack Earman on the conflict concerning whether the Overseas Candidate Review Panel or the Clandestine Services Agent Panel should judge the suitability of employees for overseas duty. Kirk approved orally my recommendation that the Overseas Candidate Review Panel should handle all staff employees, staff agents, and Type A contract personnel. His decision had Jack's full concurrence. I undertook to try to convert DD/P to this point of view. If I am unable to do so, I will set forth these recommendations in a memorandum to Kirk with a copy to DD/P. Kirk will then have to overrule the DD/P if he adheres to his decision of today or, in any case, will have to resolve the conflict.

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